

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Township of Manlius*  
*Allegan County, Michigan*  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2006*

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Township of Manlius, Michigan**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Manlius, Michigan, as of March 31, 2006, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Manlius, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Manlius, Michigan, as of March 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 17 through 21 and the Analysis of Funding Progress on page 22, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Board of Trustees  
Township of Manlius, Michigan  
Page 2**

**The Township of Manlius, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.**

*Sigfried Crandall P.C.*

**June 5, 2006**

## **BASIC FINANCIAL STATEMENTS**

**Township of Manlius**  
**STATEMENT OF NET ASSETS**  
March 31, 2006

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**Governmental  
activities**

**ASSETS**

Current assets:

Cash	\$ 851,705
Receivables	39,490
Due from other governmental units	<u>30,119</u>

Total current assets 921,314

Noncurrent assets - capital assets (net of accumulated depreciation) 922,700

Total assets 1,844,014

**LIABILITIES**

Current liabilities:

Payables	13,390
Due to others	<u>6,986</u>

Total liabilities 20,376

**NET ASSETS**

Invested in capital assets	922,700
Restricted for public safety	167,732
Unrestricted	<u>733,206</u>

Total net assets \$ 1,823,638

See notes to financial statements

**Township of Manlius**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2006

		<u>Program revenues</u>			<u>Net (expenses) revenues and changes in net assets</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	
<b>Functions/Programs</b>	<u>Expenses</u>				
Governmental activities:					
Legislative	\$ 7,932	\$ -	\$ -	\$ -	\$ (7,932)
General government	180,203	5,718	-	-	(174,485)
Public safety	121,085	21,105	-	-	(99,980)
Public works	89,408	4,333	-	-	(85,075)
Health and welfare	5,781	-	-	-	(5,781)
Community and economic development	26,089	10,250	-	-	(15,839)
<b>Total governmental activities</b>	<u>\$ 430,498</u>	<u>\$ 41,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(389,092)</u>
General revenues:					
Taxes					508,882
State grants					183,967
Franchise fees					5,532
Investment income					28,541
Other					1,599
<b>Total general revenues</b>					<u>728,521</u>
Change in net assets					339,429
Net assets - beginning					<u>1,484,209</u>
Net assets - ending					<u>\$ 1,823,638</u>

See notes to financial statements



**Township of Manlius**  
**BALANCE SHEET - governmental funds**

March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Road Improvement</u>	<u>Road Resurfacing</u>	<u>Total governmental funds</u>
<b>ASSETS</b>					
Cash	\$ 683,973	\$ 167,732	\$ -	\$ -	\$ 851,705
Receivables	<u>69,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,609</u>
Total assets	<u>\$ 753,582</u>	<u>\$ 167,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 921,314</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Payables	\$ 13,390	\$ -	\$ -	\$ -	\$ 13,390
Due to others	<u>6,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,986</u>
Total liabilities	20,376	-	-	-	20,376
Fund balances	<u>733,206</u>	<u>167,732</u>	<u>-</u>	<u>-</u>	<u>900,938</u>
Total liabilities and fund balances	<u>\$ 753,582</u>	<u>\$ 167,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 921,314</u>

Total fund balances - total governmental funds \$ 900,938

Amounts reported for *governmental activities* in the statement of net assets  
(page 5) are different because:

Capital assets used in *governmental activities* are not financial resources  
and, therefore, are not reported in the funds. 922,700

Net assets of *governmental activities* (page 5) \$ 1,823,638

See notes to financial statements

**Township of Manlius**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - governmental funds**

Year ended March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Road Improvement</u>	<u>Road Resurfacing</u>	<u>Total governmental funds</u>
<b>REVENUES</b>					
Taxes	\$ 92,578	\$ 144,096	\$ 148,707	\$ 123,501	\$ 508,882
Licenses and permits	27,093	-	-	-	27,093
State grants	183,967	-	-	-	183,967
Charges for services	15,863	-	-	-	15,863
Interest and rentals	28,541	-	-	-	28,541
Other	5,581	-	-	-	5,581
Total revenues	<u>353,623</u>	<u>144,096</u>	<u>148,707</u>	<u>123,501</u>	<u>769,927</u>
<b>EXPENDITURES</b>					
Legislative	7,932	-	-	-	7,932
General government	171,986	-	-	-	171,986
Public safety	17,405	103,680	-	-	121,085
Public works	401,556	-	-	-	401,556
Health and welfare	5,781	-	-	-	5,781
Community and economic development	26,089	-	-	-	26,089
Capital outlay	55,035	-	-	-	55,035
Total expenditures	<u>685,784</u>	<u>103,680</u>	<u>-</u>	<u>-</u>	<u>789,464</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(332,161)</u>	<u>40,416</u>	<u>148,707</u>	<u>123,501</u>	<u>(19,537)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	272,208	-	-	-	272,208
Transfers out	-	-	(148,707)	(123,501)	(272,208)
Total other sources (uses)	<u>272,208</u>	<u>-</u>	<u>(148,707)</u>	<u>(123,501)</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(59,953)</u>	<u>40,416</u>	<u>-</u>	<u>-</u>	<u>(19,537)</u>
<b>FUND BALANCES - BEGINNING</b>	<u>793,159</u>	<u>127,316</u>	<u>-</u>	<u>-</u>	<u>920,475</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 733,206</u>	<u>\$ 167,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 900,938</u>

See notes to financial statements

**Township of Manlius**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - governmental funds (Continued)**

*Year ended March 31, 2006*

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	<u><b>Total governmental funds</b></u>
Net change in fund balances - total governmental funds (page 8)	\$ (19,537)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities (page 6), the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays net of dispositions (\$393,384) exceeded depreciation (\$34,418) in the current period.	
	<u>358,966</u>
Change in net assets of <i>governmental activities</i> (page 6)	<u>\$ 339,429</u>

*See notes to financial statements*

**Township of Manlius**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Manlius, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

**Township of Manlius**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Measurement focus, basis of accounting, and financial statement presentation* (continued):

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the financial resources used for the operational costs of the Township's fire protection functions. Revenues are primarily derived from property taxes.

The Road Improvement Fund accounts for the financial resources used for road maintenance projects in the Township. Revenues are primarily derived from property taxes.

The Road Resurfacing Fund accounts for the financial resources used for road resurfacing projects in the Township. Revenues are primarily derived from property taxes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets (other than infrastructure) with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2005.

**Township of Manlius**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

iii) *Capital assets* (continued) - Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	10 years
Roads	20 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. The Township had no significant budget variations except as follows:

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Road Improvement	Transfer out	\$ 120,000	\$ 148,707	\$ 28,707
Road Resurfacing	Transfer out	100,000	123,501	23,501

**NOTE 3 - CASH:**

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2006, \$554,864 of the Township's bank balances of \$854,864 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Township of Manlius**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 3 - CASH (Continued):**

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the Township's individual major funds, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Inter- governmental</u>	<u>Total</u>
General	\$ 782	\$ 38,708	\$ 30,119	\$ 69,609

All receivables are considered fully collectible, and are due within one year.

**NOTE 5 - PAYABLES:**

Payables as of year end for the Township's individual major funds, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Other</u>	<u>Total</u>
General	\$ 6,360	\$ 7,030	\$ 6,986	\$ 20,376

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

A summary of interfund transfers for the year ended March 31, 2006, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfers out</u>
General	\$ 272,208	Road Improvement	\$ 148,707
		Road Resurfacing	123,501
			\$ 272,208

The Township annually transfers to its General Fund an amount from each of the above special revenue funds in an amount equal to the special levy for road improvement and resurfacing purposes. During the current fiscal year, the Township incurred \$393,259 in the General Fund for highways and streets.

**Township of Manlius**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 7 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets not being depreciated - land	\$ 54,000	\$ 51,383	\$ -	\$ 105,383
Capital assets being depreciated:				
Buildings	90,418	-	-	90,418
Equipment	39,714	1,875	-	41,589
Infrastructure	431,064	340,126	-	771,190
Subtotal	<u>561,196</u>	<u>342,001</u>	<u>-</u>	<u>903,197</u>
Less accumulated depreciation for:				
Buildings	23,605	2,492	-	26,097
Equipment and vehicles	17,080	3,948	-	21,028
Infrastructure	10,777	27,978	-	38,755
Subtotal	<u>51,462</u>	<u>34,418</u>	<u>-</u>	<u>85,880</u>
Total capital assets being depreciated, net	<u>509,734</u>	<u>307,583</u>	<u>-</u>	<u>817,317</u>
Governmental activities capital assets, net	<u>\$ 563,734</u>	<u>\$ 358,966</u>	<u>\$ -</u>	<u>\$ 922,700</u>

Depreciation expense was charged to functions of the Township as follows:

General government	\$ 6,440
Public works	<u>27,978</u>
Total governmental activities	<u>\$ 34,418</u>

**NOTE 8 - JOINT VENTURES:**

The Township provides fire protection services through contractual arrangements as follows:

*a) Hamilton Area Fire Board:*

The Township is a member of the Hamilton Area Fire Board (the Authority), which is a joint venture of the Townships of Manlius, Heath, and Fillmore. The Administrative Board of the Authority consists of members appointed by each participating unit and three non-voting members from the Hamilton Fire Department. The Authority was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended March 31, 2006, the Township contributed \$61,747 as its proportionate share of the Authority's budgeted costs. Complete audited financial statements for the Authority can be obtained from the Clerk of the Township of Heath.



**Township of Manlius**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 8 - JOINT VENTURES (Continued):**

*b) Fennville Area Fire Board:*

The Township is a member of the Fennville Area Fire Board (the Authority), which is a joint venture of the Townships of Manlius and Clyde, and the City of Fennville. The Administrative Board of the Authority consists of members appointed by each participating unit. The Authority was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended March 31, 2006, the Township contributed \$41,333 as its proportionate share of the Authority's budgeted costs. Complete audited financial statements for the Authority can be obtained from the Treasurer of the Fennville Fire Department.

**NOTE 9 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2006, is as follows:

Revenues	\$ 21,105
Expenses	<u>(26,296)</u>
Deficiency of revenues over expenses	\$ <u>(5,191)</u>

**NOTE 10 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 11 - DEFINED BENEFIT PENSION PLAN:**

The Township's defined benefit pension plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Township's defined benefit pension plan is affiliated with the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for municipalities in Michigan. Public Act 220 of 1996 of the State of Michigan assigns the authority to establish and amend the benefit provisions to the Township. The MERS issues a publicly-available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 447 N. Canal, Lansing, Michigan 48917, or by calling 1-800-767-6377.

*a) Funding policy:*

MERS members may contribute from 0% to 10% of annual compensation. The Township is required to contribute at an actuarially determined rate; the current rate is 7.8% to 16.8% of annual covered payroll depending on the member contributions. The contribution requirements of plan members and the commission are established, and may be amended, by MERS.

**Township of Manlius**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued):**

*b) Annual pension cost:*

For the year ended March 31, 2006, the Township contributions were \$12,026, which were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2004. The employer contribution rate has been determined using the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used included (a) 8.0% long-term net investment rate of return and (b) projected salary increases of 4.5% per year. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

*c) Trend information:*

<i>Fiscal year ended March 31,</i>	<i>Annual pension of APC cost (APC)</i>	<i>Percentage contributed</i>	<i>Net pension obligation</i>
2004	\$ 10,088	100%	-
2005	10,084	100%	-
2006	12,026	100%	-

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Manlius****BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 84,000	\$ 84,000	\$ 92,578	\$ 8,578
Licenses and permits	31,656	31,656	27,093	(4,563)
State grants	180,000	180,000	183,967	3,967
Charges for services	11,000	11,000	15,863	4,863
Interest and rentals	12,000	12,000	28,541	16,541
Other	6,320	6,320	5,581	(739)
Total revenues	<u>324,976</u>	<u>324,976</u>	<u>353,623</u>	<u>28,647</u>
<b>EXPENDITURES</b>				
Legislative	<u>8,000</u>	<u>8,000</u>	<u>7,932</u>	<u>68</u>
General government:				
Supervisor	19,275	19,275	19,127	148
Election	6,900	6,900	1,288	5,612
Assessor	22,725	22,725	22,307	418
Clerk	20,250	20,250	19,413	837
Board of review	3,000	3,000	1,834	1,166
Treasurer	22,750	22,750	22,682	68
Hall and grounds	32,050	32,050	24,121	7,929
Cemetery	7,000	7,000	6,965	35
Other	79,250	79,250	54,249	25,001
Total general government	<u>213,200</u>	<u>213,200</u>	<u>171,986</u>	<u>41,214</u>
Public safety - building inspection	<u>50,000</u>	<u>50,000</u>	<u>17,405</u>	<u>32,595</u>
Public works:				
Highways and streets	375,000	392,000	393,259	(1,259)
Street lights	5,000	5,000	5,869	(869)
Sanitation	2,000	2,000	2,428	(428)
Drains	1,000	1,000	-	1,000
Total public works	<u>383,000</u>	<u>400,000</u>	<u>401,556</u>	<u>(1,556)</u>

**Township of Manlius****BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2006

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Health and welfare - ambulance	\$ 6,000	\$ 6,000	\$ 5,781	\$ 219
Community and economic development - planning and zoning	40,500	40,500	26,089	14,411
Capital outlay	10,000	55,000	55,035	(35)
Total expenditures	710,700	772,700	685,784	86,916
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(385,724)</u>	<u>(447,724)</u>	<u>(332,161)</u>	<u>115,563</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer in:				
Road Improvement Fund	120,000	120,000	148,707	28,707
Road Resurfacing Fund	100,000	100,000	123,501	23,501
	220,000	220,000	272,208	52,208
<b>NET CHANGES IN FUND BALANCES</b>	(165,724)	(227,724)	(59,953)	167,771
<b>FUND BALANCES - BEGINNING</b>	793,159	793,159	793,159	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 627,435</u>	<u>\$ 565,435</u>	<u>\$ 733,206</u>	<u>\$ 167,771</u>

**Township of Manlius**  
**BUDGETARY COMPARISON SCHEDULE - Fire Fund**  
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 144,096</u>	<u>\$ 24,096</u>
<b>EXPENDITURES</b>				
Public safety:				
Fire Board salary	1,000	1,000	600	400
Contracted services	<u>135,000</u>	<u>135,000</u>	<u>103,080</u>	<u>31,920</u>
Total expenditures	<u>136,000</u>	<u>136,000</u>	<u>103,680</u>	<u>32,320</u>
<b>NET CHANGES IN FUND BALANCES</b>	(16,000)	(16,000)	40,416	56,416
<b>FUND BALANCES - BEGINNING</b>	<u>127,316</u>	<u>127,316</u>	<u>127,316</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 111,316</u>	<u>\$ 111,316</u>	<u>\$ 167,732</u>	<u>\$ 56,416</u>

**Township of Manlius****BUDGETARY COMPARISON SCHEDULE - Road Improvement Fund**

Year ended March 31, 2006

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 120,000	\$ 120,000	\$ 148,707	\$ 28,707
<b>OTHER FINANCING USES</b>				
Transfer out - General Fund	<u>(120,000)</u>	<u>(120,000)</u>	<u>(148,707)</u>	<u>(28,707)</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	-	-
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Township of Manlius****BUDGETARY COMPARISON SCHEDULE - Road Resurfacing Fund**

Year ended March 31, 2006

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 100,000	\$ 100,000	\$ 123,501	\$ 23,501
<b>OTHER FINANCING USES</b>				
Transfer out - General Fund	<u>(100,000)</u>	<u>(100,000)</u>	<u>(123,501)</u>	<u>(23,501)</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	-	-
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**Township of Manlius****ANALYSIS OF FUNDING PROGRESS - Employee Retirement System  
(Municipal Employees' Retirement System of Michigan)**

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The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the dates indicated.

<i>Actuarial valuation date December 31,</i>	<i>Actuarial value of assets (a)</i>	<i>Actuarial accrued liability (AAL) entry age (b)</i>	<i>Underfunded (overfunded) AAL (UAAL) (b-a)</i>	<i>Funded ratio (a/b)</i>	<i>Covered payroll (c)</i>	<i>UAAL as a percentage of covered payroll ((b-a)/c)</i>
2000	\$ 7,024	\$ 109,599	\$ 102,575	6%	\$ 68,438	150%
2001	21,982	130,288	108,306	17%	72,997	148%
2002	40,335	147,415	107,080	27%	75,095	143%
2003	63,552	181,722	118,170	35%	82,464	143%
2004	85,689	197,785	112,096	43%	84,346	133%
2005	111,168	247,175	136,007	45%	97,630	139%